



## Vendor Quantity Over Runs/ Under Runs and Minimum Quantities

### Policy:

Houghton Mifflin Harcourt (HMH) requires its suppliers to produce and deliver product at the quantities reflected in its purchase orders. Given manufacturing constraints, HMH recognizes that this may not always be possible and manufacturing over-runs and under-runs may occur. To account for this HMH has established standard tiered tolerance levels based on PO quantity. If the supplier produces less than the PO quantity by more than the permitted under-runs as described below, the supplier must contact the buyer to determine if the shortage is acceptable or the difference must be produced. Any work to produce the difference will be considered part of the original PO, not a separate job. Supplier must not ship in excess of the permitted overruns. It is HMH's preference that suppliers ship in full carton quantities. The supplier must make every effort to stay within tolerance and ship full cartons if at all possible.

A sliding scale based on purchase order quantity will be as follows:

### Print & Bind Allowance -Domestic, China (excludes digital):

# of units in PO	Over runs as a % of PO quantity unless noted	Permitted Under-runs as a % of PO quantity
250 – 500	12% or less	15% or less
501 - 1,000	8% or less	-10% or less
1,001 - 5,000	5% or less	-5% or less
5,001 - 25,000	2% or less	- 4% or less
25,001 - 50,000	1% or less	- 3% or less
50,001 or greater	1% or less	- 2% or less

### Print & Bind Allowance -International (Non China) Made to Order (excludes digital):

# of units in PO	Overruns as a % of PO quantity	Permitted Unders as a % of PO quantity
Based on plant and country of mfgs	As agreed at time of quote, if any	As agreed at time of quote, if any



The following Over-runs are permitted for digital runs

**Digitally Manufactured Products (Domestic):**

Print & Bind Allowance - Digital Only (No unders are permitted for digital runs)	
# of units in PO	Permitted Overruns
1 to 124	2 units
125 to 249	3 units
250 to 500	4 units
500 to 1000	15 units
1001 to 1500	25 units

No under-runs are permitted for digital runs.

Note, when no under-runs are specified on an offset manufactured PO, both parties will agree on the component amount needed to support the PO count as well as any overs above the limitations set forth above.

**Domestic Webfed minimum order quantity:**

**Four Color**

Stand-alone titles - 500 copies  
Versioned\* titles run in sequence - 250 copies

**One -and two-color**

Stand-alone titles - 250 copies for 1/c and 500 copies for 2/c  
Versioned\* titles run in sequence - 250 copies

**Sheetfed Printer minimum order quantity:**

**Four-color**

Stand-alone titles 500 copies  
Versioned\* titles run in sequence - 250 copies

**One- and two-color**

Stand-alone titles - 250 copies for 1/c and 500 copies for 2/c  
Versioned\* titles run in sequence - 250 copies

\*For all of the above, "versions" are defined as new four color signatures placed in the front of the book and/or a single color plate change throughout the book . It does not include changing all four colors throughout the book.



**Furnished Casesides, Covers, and Jackets:**

**Quantities**

500 - 2,499  
2,500 - 4,999  
5,000 - 24,999  
25,000 - 49,000  
50,000 greater

**Permitted Overruns and  
Underruns**

250 covers  
+/- 4%\*  
+/- 3%\*  
+/- 2%\*  
+/- 1%\*

\*Add 1% additional allowance to the above component quantities for each additional operation performed such as laminating, embossing, foil stamping etc.

\*\* All other supplied components determined by plant guidelines working with the component vendors